



EBA MB 2015 037rev2

EBA Staff

18 March 2015

Location: London

Management Board – Final Minutes

Agenda item 1.: Opening and Approval of Agenda and Minutes

1. The provisional agenda was approved. The draft minutes of the Management Board (MB) meeting of 27 January 2015 (document EBA MB 2015 024rev1) were approved.

Agenda item 2.: Administrative and Operational Status Report

2. The EBA Director of Operations presented the latest administrative and operational status report (document EBA MB 2015 029) covering developments since the MB meeting of 27 January 2015. He informed of the budget execution to date and mentioned in particular the impact on expenditure, particularly on staff and rental costs, caused by a drop of 8% of the EUR/GBP exchange rate since December 2014, with the EBA trying to offset this impact by possible savings in other budget lines; further, the EBA would wait for the correction of salaries as per decision of the Council of the EU by mid-2015 with a view to deciding whether a budget amendment was necessary. He also informed of the approval of the preliminary draft budget 2016 by the Board of Supervisors and its submission to DG FISMA of the Commission. Finally, the MB was informed of the implementation of the changes to the EBA organisation with the establishment of a new Resolution Unit.

Conclusion

3. The MB took note of the administrative and operational status report.

Agenda item 3.: EBA Long-Term Office Solution – Closure Report

4. The Executive Director presented the long term office solution's closure report (document EBA MB 2015 036). The only outstanding cost item concerned dilapidations. The EBA was expected to conclude the negotiations with the former premises' landlord in the coming weeks. Depending on the final dilapidation charge, the overall budget execution at constant exchange rate was expected to remain below or close to the originally approved budget.
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5. On a query about the possible savings in the dilapidations costs, it was explained that all project-related costs had been paid already and in case of any surplus from savings in dilapidations, it would be refunded to the competent authorities (CAs) and the EU via the 2016 EBA budget. Finally, it was clarified that the office solution project was not subject to any separate formal reporting requirement, but the review of it would be part of the annual discharge process by the European Parliament (EP).

Conclusion

6. The MB took note of the closure report; the MB would be informed via written procedure of the closure of the dilapidations negotiations and final dilapidations costs.

Agenda item 4.: IT Strategy 2012-2014 Closure Report

7. The EBA Director of Operations presented the closure report and main highlights of the IT strategy for the period 2012-2014 (document EBA MB 2015 030). Overall, the EBA had successfully achieved all key objectives stated in the IT Strategy on time and within the estimated budgetary envelope. The new IT strategy would cover the period 2015-2018 and would be submitted soon to the MB and Board of Supervisors (BoS).
8. On a request to assess the impact of releases of the reporting framework on CAs, it was explained that the new controls in place were enabling CAs to have at least a 6-month implementation period for new taxonomies. The EBA Director of Oversight informed in this context that the work on data point models (DPM) and validation rules for the revised ITS on liquidity coverage ratio (LCR) and leverage ratio (LR) reporting, scheduled to start end-March 2015, had to be postponed as the EBA did not have, and CAs could not provide sufficient resources.
9. Noting the impact of IT tools on supervisory processes, it was requested to keep the BoS continuously informed of the developments in this area to facilitate a more comprehensive flow of information; it was also suggested to conduct a lessons-learnt discussion between the EBA and CA representatives.

Conclusion

10. The MB took note of the closure report; the request to keep the BoS informed was endorsed.

Agenda item 5.: Communication Strategy

11. The Executive Director presented the EBA's strategy on external communication (EBA MB 2015 035). Despite the success with some EU-wide media, the Chairperson expressed his concerns about the difficulties to reach out to national/local media also as a means to raise the EBA's profile, and considered that a way to tackle this would be to participate at local speaking/media opportunities together with the relevant BoS Member. One MB Member informed that his CA organises annual seminars to explain the role of the EBA.

12. The Commission representative agreed with the idea to raise the EBA's profile and considered that the EBA's 5th anniversary could be a good opportunity to do so. He offered to put in contact DG FISMA's head of communications with the EBA to discuss about DG FISMA's communication activities and their impact.

Conclusion

13. The MB endorsed the external communications strategy.

Agenda item 6.: Decision on the EBA Nursery Contribution

14. The Executive Director presented a revised EBA decision on EBA contributions to staff's nursery costs (document EBA MB 2015 027) and a revised EBA decision (document EBA MB 2015 028) to raise the nursery costs' threshold as per the results of the independent Childcare Costs Survey 2014.

Conclusion

15. The MB approved both decisions.

Agenda item 7.: Renaming of EBA Consumer Protection and Financial Innovation Unit

16. The Executive Director asked the MB to approve the change of name of the EBA's Consumer Protection and Financial Innovation Unit to "Consumer Protection, Financial Innovation, and Payments" (document EBA MB 2015 033), the rationale for which was the increasing number of mandates on payments that the EBA was receiving.

17. One MB Member asked to reinforce the Unit's expertise on payments by increasing its staffing levels.

Conclusion

18. The MB approved the proposal to rename the Unit.

Agenda item 8.: Draft Cooperation Framework Arrangements (FCA) with Third-Country Authorities under the BRRD

19. The Chairperson presented a draft (document EBA MB 2015 031) based on the BRRD's mandate, which would enable the EBA to initiate technical-level discussions with third country authorities; it was explained that the draft placed the main focus on information sharing and cooperation.

20. The MB queried on the involvement of other EU institutions on these cooperation arrangements; it also requested to align it with the Financial Stability Board's (FSB) approach,

which was less granular than the draft presented to the MB. On the process, the MB expressed its preference to sound the BoS before commencing discussions with third country authorities. Two more requests were made, notably a) to check that the equivalence assessment for professional secrecy of third country CAs could also catch resolution authorities in third countries, and b) to achieve a better equilibrium between the provisions on resolution and recovery.

Conclusion

21. The draft would be tabled at the Resolution Committee meeting of 30 March 2015 to discuss inter alia its current level of granularity; the BoS would be subsequently contacted for a final fatal flaw check. The scope of the current confidentiality agreements with supervisory authorities in third countries would be checked as to ensure that resolution authorities could be covered; the provisions on recovery and resolution would be better calibrated.

Agenda item 9.: BoS Away Day 9-10 July 2015

22. The Chairperson informed the MB of the discussions held with the newly established Regulation department of the European University Institute (EUI) of Florence, Italy, on technical training that could be offered to the EBA on a pilot basis and, in that context, the possibility of organising a session for the BoS away day on 9-10 July 2015 on bank versus market-based financing in Europe: disintermediation and shadow banking. The Chairperson noted that the approach to this topic should be one to stimulate a policy discussion rather than an academic one, and possibly linked to the Commission's project of a Capital Markets Union. He asked the MB for its views on the proposal as well as on other topics to discuss at the BoS away day.

23. Some MB Members expressed their view that the away day should serve the purpose of discussing topics for which the BoS was always short of time, e.g. the role of internal audit and supervisory approach; risks of issuing contingent convertibles (CoCos); IT risks. The Chairperson agreed and added that the away day should help the BoS to discuss strategy matters, such as internal models, considering the BCBS agenda, and stress tests, as suggested by other MB Members.

24. Another topic suggested by the MB was the influence of banking regulation on the real economy.

Conclusion

25. The EBA would prepare an agenda for the BoS away day including: a) a discussion on market-based financing in Europe and a comparison with the US market, also inviting a US speaker; b) a discussion on internal models and stress tests and comparison with the US; and c) a discussion on a specific topic previously raised by the Standing Committee to the BoS, but not discussed in sufficient detail.

Agenda item 10.: Possible EBA Conference in 2015

26. On occasion of the fifth anniversary of the EBA, and considering the completion of the legal mandates in the near future as per the current legislation and the opportunities that this could open in terms of changing the EBA's focus to banking markets, business models and developing further the EBA's policy and thinking capabilities, the Chairperson proposed the organisation of a one-day conference followed by half a day to reflect on the conclusions. However, the EBA Chairperson was mindful of the EBA's budgetary constraints.
27. MB Members welcomed the idea and suggested topics. The alternate Chairperson offered to host it in Lisbon. It was advised to organise a conference on the assessment of the current initiatives and challenges ahead and 2-3 main topics underpinning it, e.g. shadow banking; conduct risk; concentration risk and treatment of sovereigns; treatment of risk-weighted assets (RWAs); impact of the current legislation on the banking industry; business models: present and future; innovation in banking; disintermediation (P2P lending).
28. The Commission representative suggested a conference with key speakers to discuss and understand the effectiveness of recent regulation, and informed that the Commission was planning a public event on 15 November 2015 on the impact of regulatory changes, proportionality and business models.

Conclusion

29. The MB agreed to the organisation of an EBA conference during the last quarter of 2015; considering the lack of budget for a large event, it could be organised either with a local authority or with CAs.

Agenda item 11.: BoS 28-29 April Meeting – Provisional Agenda

30. The provisional agenda for the BoS meeting of 28-29 April 2015 was tabled for discussion (document EBA MB 2015 034).
31. The MB proposed, whilst cognisant that the taxonomy and DPM were not fully developed, to table the ITS on reporting of LCR and LR at the BoS meeting, to minimise a delay to their adoption by the Commission, and on the understanding that any changes to the former should not, in principle, impact on the ITS. The Commission representative asked the EBA for guidance on the first date of reporting for the ITS, noting that until the new ITS is in force, the current ITS would remain applicable (including LR/LCR).
32. Another topic suggested to be added to the agenda was the BCBS's work on comparability and simplicity, with a possible debrief by those BoS Members participating at the BCBS table.
33. Concerning the 2015 EU-wide transparency exercise, it was explained that the sample was expected to be the same as in 2014, as well as the coverage, with the main change being that

CONREP and FINREP data held by the EBA would help it populate the templates to a very great extent, thus limiting the amount of data to request from banks.

34. Some MB Members asked for the streamlining of BoS written procedures such that, should a proposal be amended during a written procedure for approval, it ought to be submitted again to the BoS to enable it to vote on the amended version. Finally, it was also clarified that, with the ResCo in place, the EBA would not proactively invite resolution authorities to the BoS meeting, although BoS Members could do so as per Article 40(6) second subparagraph of the EBA founding Regulation.

Conclusion

35. The provisional agenda would be sent to the BoS in the coming days.

Agenda item 12.: BoS/BSG Joint 28 April Meeting

36. The Chairperson informed that the Banking Stakeholder Group (BSG) had proposed several ideas, e.g. securitisation, shadow banking and capital markets union.

37. MB Members suggested a discussion on comparability of IRB models versus the standardised approach; also on securitisations and what market conditions should be present for these to function properly; finally, a discussion with the BSG on whether or not it was becoming easier to raise capital.

Conclusion

38. A draft agenda would be prepared on the basis of the ideas discussed by the MB.

Agenda item 13.: AoB

39. The Chairperson informed the MB that he had been invited by the SSM to a workshop on 17 March 2015 to discuss Pillar 2 buffers; and also to a workshop in April 2015 to discuss national discretions. He also informed that he had been invited to the SRB's first plenary meeting and to a bilateral meeting with the SRB's Chair and other Members to discuss inter alia coordination matters.

Andrea Enria

Chairperson

**Participants at the Management Board meeting
18 March 2015**

Chairperson Andrea Enria
Alternate Chairperson Pedro Duarte Neves (Portugal)

<u>Country</u>	<u>Member/Alternate</u>
Germany	Peter Lutz
Italy	Luigi Federico Signorini
Netherlands	Paul Hilbers
Poland	Andrzej Reich
Spain	Fernando Vargas Bahamonde
United Kingdom	Andrew Bailey and Sasha Mills

<u>EU Institution</u>	<u>Representative</u>
European Commission	Niall Bohan

EBA Staff

Executive Director	Adam Farkas
Director of Operations	Peter Mihalik
Director of Oversight	Piers Haben
Director of Regulation	Isabelle Vaillant

Fergus Power; Corinne Kaufman; Santiago Barón-Escámez